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Bureau of Public Affairs • Department of State

Textile Import Control Program March 1986

Background: The fiber, textile, and apparel industry is an important sector of the US domestic economy, employing about 2 million people (roughly 10% of the total US manufacturing workforce). According to the Department of Commerce, domestic textile and apparel shipments in 1984 totaled $115 billion, an amount equal to 6% of US manufacturing output.

Because textile production is labor-intensive and requires relatively little capital, many developing countries establish textile industries during the early stages of industrialization. For these countries, textile and apparel exports are a chief source of foreign exchange earnings and employment.

The US market is the largest in the world. During the past two decades, our textile and apparel industry has faced increasing foreign competition in the domestic marketplace. Usually this competition has been based on price. During the decade ending in 1983, textile and apparel imports increased by an average of 6% per year on a volume basis; they increased 25% in 1983 and 32% in 1984. Although about 80% of US textile and apparel imports are under some type of control or restraint (quota), some industry analysts estimate that, in 1984, imports accounted for 33% of all apparel consumed in the US.

To deal with disruption in the US market caused by imports, Congress first provided the authority to negotiate textile restraint agreements in the Agricultural Act of 1956. In 1962 Congress added the authority to restrain disruptive imports from countries with whom we have not negotiated a textile import restraint program, provided a multilateral agreement exists, covering the majority of textile trade from major textile producing nations.

Multilateral agreements: The first multilateral textile agreement, called the Long-Term Agreement Regarding International Trade in Cotton Textiles, was negotiated in 1962 under the General Agreement on Tariffs and Trade (GATT). Thirty-three countries joined this agreement, and the US negotiated bilateral cotton textile and apparel restraint agreements with 31 cotton textile exporters.

US imports of man-made fiber textiles and apparel rose in value from $129 million in 1964 to $1.6 billion in 1971. In December 1973, again under the GATT, the Multifiber Arrangement Regarding International Trade in Textiles was negotiated to provide for an orderly expansion of the world's textile trade. The Multifiber Arrangement came into force on January 1, 1974, for a 4-year period. It was renewed for 4 years in 1977 and again for 4 years and 7 months in 1982 to continue in force through July 31, 1986.

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Bilateral agreements: Under the Multifiber Arrangement, the US may enter into a bilateral textile agreement with another country in order to eliminate risk of market disruption and ensure the expansion and development of textile trade with that country. The US currently is party to bilateral agreements with 36 nations. They permit the US to regulate textile imports by providing for consultation levels, growth rates, and base levels. Generally they are more liberal than minimum Multifiber Arrangement guidelines but give the US Government an important mechanism to restrict textile imports and control textile trade.

CITA: The Committee for the Implementation of Textile Agreements (CITA) is the body through which US textile trade policy is implemented. It is composed of representatives from the Departments of State, Commerce, Labor, and the Treasury and the Office of the US Trade Representative. When imports of a certain textile category from a country or territory appear to disrupt the US market in that category, CITA meets to decide if a call for quota consultations should be issued. In 1985, 120 such calls were issued, resulting in almost every case in the imposition of a quota. If an exporting nation feels a call is unjustified, it may bring the matter before the Textile Surveillance Body in Geneva, which operates under the auspices of the GATT Textiles Committee.

US domestic position: Although industry's situation improved slightly following the 1982 recession, imports continued to increase as a share of total US consumption. Many mills closed, and unemployment in the apparel sector remained higher than in the general economy. Nearly a quarter-million jobs have been lost since 1980. Much of the domestic industry and most labor unions supported legislation in the 99th Congress to cut back imports by 35%. The Reagan Administration opposed this legislation, and in December 1985 the President vetoed the bill passed by Congress. In his veto message, the President cited the excessive economic and human costs that would result from such a bill--the costs in foreign retaliation against US exports, loss of American jobs, losses to American business, and damage to the world trading system. The President pledged to pursue an aggressive trade policy and to fight back against unfair trading practices abroad, while strengthening assistance to American workers and geographic areas most seriously affected by job layoffs and plant closings in the textile and apparel industry.

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